



MAYOR AND COUNCIL AGENDA

NO. 3

DEPT.: Community Planning and Development Services
STAFF CONTACT: Jim Wasilak

DATE PREPARED: 5/11/05
FOR MEETING OF: May 16, 2005

SUBJECT: Consideration of Inclusion of Rockville Metro Station property in Joint Development Solicitation by Washington Metropolitan Transit Authority (WMATA)

RECOMMENDATION: Staff recommends that the Mayor and Council not endorse inclusion of the Rockville Metro station in the WMATA Joint Development Solicitation, to be issued in July, 2005. Given that the Access Improvement Study has not yet been completed and that the zoning changes have not yet been made for the station site, deferring the Rockville station by one year would give time for more certainty regarding future development of the station property. Staff also recommends that a public meeting should be held on the results of the Access Improvement Study.

DISCUSSION: The Rockville Metro station comprises approximately 11 acres on both sides of the Rockville Metro station, including 4 acres on the west side and 7 acres on the east side. The station property is covered by both the *Town Center Master Plan* and the *East Rockville Neighborhood Plan*, and both Master Plans recommend redevelopment of the property into a mixed-use area to compliment surrounding communities. The Town Center Master Plan calls for mixed-use development on the western portion of the site, with office as the preferred use on upper stories above ground floor retail. The Plan recommended a change in zone from TCO-2 to TC-4, which would increase the maximum height permitted from 75 to 100 feet, and the maximum Floor Area Ratio (FAR) from 2.0 to 6.0. For the eastern portion of the site, the East Rockville Plan recommends a change in zone from the I-1 (Service Industrial) to the TC-2 (Town Center Mixed Use) in order to allow the type of residential, neighborhood-serving retail and small-scale offices envisioned by the Plan.

WMATA issues its Joint Development Solicitation (JDS) on an annual basis in July. This solicitation invites private developers to propose development of Metro-owned properties adjacent to the rail transit stations. The solicitation document includes general information about each specific site (See Attachment 1 for an example), derived in part from WMATA's 2002 Portfolio Assessment (Attachment 2). Inclusion of a site in the solicitation document only occurs with the concurrence of the jurisdiction. The typical acceptance and review schedule includes approximately three months from the issue date to the closing date for proposal submission. Under WMATA's community participation requirements, developers are required to meet with jurisdictional representatives and interested community organizations prior to proposal submission. If requested by WMATA, developers submit final proposals for evaluation, potentially leading to a developer being selected as Selected Developer or Alternate Selected Developer for the site. At this point WMATA and the selected developer would enter into negotiations for a development agreement. Local government review of development plans occurs after this selection process.

In preparation for including the Rockville station in the solicitation, WMATA, in conjunction with the City, County and State Highway Administration (SHA), has been conducting an Access Improvement

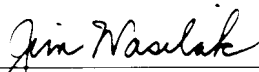
Study for the Rockville station with the help of consultants. WMATA and its consultants held a public meeting at the beginning of the study in May 2004, which was attended primarily by interested parties from East Rockville and surrounding residential communities. Although the Access Improvement Study progress to date includes many of the recommendations contained in both Master Plans, the results should be available for discussion by the public and the City prior to endorsement, as it establishes expectations for future development. The draft results of that study are expected to be released in the near future.

The Rockville station site was last offered for joint development in 1999. Two proposals were submitted; neither was accepted. Because the City has been undertaking planning efforts for the station area over the last several years, the station site has not been offered since then.

Options Considered: The other option would be to recommend the station site for inclusion in the solicitation at this time. The property would be eligible for development proposals, but without the benefit of the completed Access Improvement Study and the recommended zoning changes.

Next Steps: Proceed with adoption of Stonestreet Avenue Improvement Plan and rezoning of the Metro station property in order to allow for the desired development for the property. Strongly encourage a WMATA to hold a public meeting on the results of the Access Improvement Study.

PREPARED BY:


Jim Wasilak, AICP, Chief of Long Range Planning


DATE: 5-11-05

APPROVED BY:


Arthur D. Chambers, AICP, Director

DATE: 5/11/05

APPROVED BY:


Scott Ullery, City Manager

DATE: 5/11/05

LIST OF ATTACHMENTS:

1. Excerpt from 2004 Joint Development Solicitation (Grosvenor-Strathmore Station)
 2. Joint Development Work Program Letter from WMATA
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GROSVENOR-STRATHMORE METRO STATION (NORTH PARCEL) JDS04-3

Site profile

The Grosvenor-Strathmore north parcel consists of approximately 15 acres situated in southern Montgomery County, Maryland, just north of the interchange between I-270 and the Capital Beltway (I-495). It is bounded by Rockville Pike and the Metrorail right-of-way to the west, Tuckerman Lane and Strathmore Hall to the north, and by Tuckerman Lane and residential developments to the east and south. Significant topographic changes exist in the northeastern portion of the site. WMATA knows of no environmental contaminants on the joint development property. All utilities are available.

Improvements are centrally located on the site and consist of ten bus bays and an access road in and out of the parcel. The first phase of an approximately 2,000-space parking garage has just been completed at the north end of this site. It contains nearly 1,500 spaces. The footprint for the first phase garage and access roads occupies approximately 3.1 acres of the site. The second phase of approximately 500 spaces, which will replace and augment remaining surface parking, will extend the garage footprint to the south, leaving the remaining land for residential development with ancillary retail.

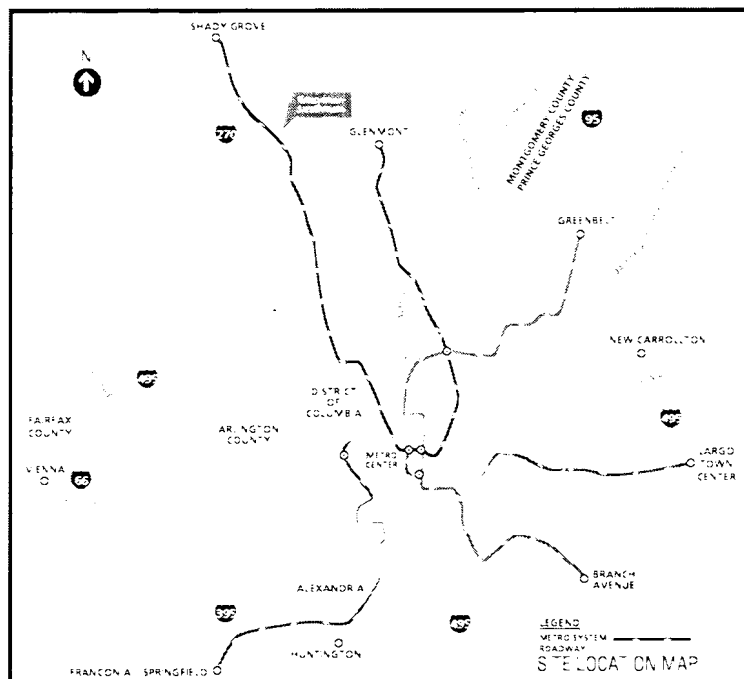
Directly to the south and east of this site, a joint development project consisting of 860 residential units and 8,600 square feet of retail space is well underway. The dwelling units will be in mid- and high-rise buildings.

Area and amenities

The Grosvenor-Strathmore site is one of the most desirable development properties abutting Rockville Pike, a major thoroughfare connecting the site to some of the best known commercial and employment centers in the Washington Metropolitan area. Rockville Pike is also a prime access route to well established residential areas, extending from the historic Georgetown neighborhood in the District of Columbia to Frederick, Maryland and beyond. In February, 2005 an enlarged Strathmore Hall Arts Center, immediately north of the site, will open. The center will include a 1,978-seat concert hall serving as the summer home for the Baltimore Symphony Orchestra and a venue for other major cultural and entertainment events. The WMATA parking garage is linked to Strathmore Hall Arts Center by a pedestrian walkway.

Location advantages

On-site Red Line Metrorail service allows patrons to reach downtown Washington in 22 minutes, Alexandria in 49 minutes, and Union Station in 26 minutes. Weekday Metrorail ridership at this station averaged 8,000 trips in May, 2004.



This parcel has direct access to Rockville Pike. By automobile, it is approximately 11 miles from downtown Washington and one mile from I-495.

Zoning

The site is zoned R-60 (single family residential), with overlay zoning of PD-25, a category for multifamily uses with ancillary retail.

The density recommended in the County sector plan is approximately 31.5 units per acre. The parking requirement for PD-25 zoning is 1.5 spaces per dwelling unit.



Special considerations

The developer selected by WMATA for this site would be required to build the second phase of the WMATA parking garage, approximately 500 spaces. The developer would also have to accommodate or replace a storm water management pond planned to handle runoff from the first phase of the garage complex.

The property may be subject to a right of first refusal. WMATA has filed a legal challenge in the United States District Court for the District of Maryland arguing that such right has been

terminated. The outcome of the litigation will determine the nature and scope of any third-party right of first refusal.

Financial incentives and opportunities

Contact the Montgomery County Planning Board of the Maryland-National Capital Park and Planning Commission at 301-495-4605 and the Montgomery County Department of Economic Development at 240-777-2000 to learn about economic development programs or other development incentives that are available.

Routed To:

☒ Council
☐ City Clerk
☒ City Manager

☐ City Attorney
☐ Council Support Specialist
☒ Other Art Chambers
3. Straus

RECEIVED ATTACHMENT 2
CITY CLERK'S OFFICE
2005 APR 20 PM 2:45



April 13, 2005

The Honorable Larry Giammo
Mayor, City of Rockville
Rockville City Hall
111 Maryland Avenue
Rockville, MD 20850-2364

Re: Joint Development Work Program for Fiscal Year 2006

Dear Mayor Giammo:

Each spring, it has been WMATA's practice to send a draft Joint Development Work Program to local jurisdictions for consideration of the joint development sites that could be made available during WMATA's next fiscal year. Beginning in 2002, WMATA introduced a new approach to developing a work program through its Portfolio Assessment project. (An excerpt from the Portfolio Assessment is enclosed.)

The Portfolio Assessment was prepared by Jones Lang LaSalle and updated in 2003 and 2004. It serves to assist WMATA and the jurisdictions in determining which public/private joint development opportunities should most appropriately be included in WMATA's Joint Development Work Program. The Portfolio Assessment examined WMATA's properties with transit-oriented development potential and ranked them based upon a three-tiered classification system -- Level 1 sites have significant private sector interest and require little to no public sector intervention; Level 2 sites have some private sector interest however, there are constraints that currently impact the site's ability to realize its full market development potential; and Level 3 sites suffer from a lack of private sector interest and require significant public sector intervention to enhance their marketability.

For the FY 2006 Joint Development Work Program, WMATA is asking you to consider including the following joint development opportunities in your jurisdiction:

<u>Site</u>	<u>Level</u>
Rockville	1 - 2002 Assessment

Washington
Metropolitan Area
Transit Authority

500 Fifth Street, NW
Washington, DC 20001
202/982-1234

By Metrobus:
Judiciary Square—Red Line
Gallery Place—Chinatown—
Red, Green and
Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6,
T0, T1, S0, X2

A District of Columbia
Maryland and Virginia
Transit Partnership

The Honorable Larry Giammo
Page 2

The FY 2006 Joint Development Work Program is scheduled to be formalized in May, 2005 so that it can be presented to WMATA's Board of Directors for approval in June, 2005. The deadline for local jurisdiction input is Friday, May 13, 2005. To enable us to have a comprehensive discussion on which joint development opportunities in your jurisdiction should be included, we will be calling shortly to schedule a meeting with you.

In the interim, if you have any questions, please call Ms. Elisa Hill, Acting Manager of Property Planning and Development, at 202-962-1593.

Thank you and we look forward to working with you.

Sincerely,



K-P. Heinemeyer
Acting Managing Director
Office of Property Development
and Management

Enclosure

Rockville

Site Overview



Location

The site is located in the City of Rockville, Maryland. It is served by MD Route 355, and is bisected by railroad tracks carrying the Metrorail Red Line, MARC commuter service, Amtrak passenger trains and CSXT freight service. The site consists of approximately 11.0 acres in two parcels.

Description of Facilities

Current improvements include: (1) 524 long-term surface parking spaces, bus bays and a Kiss & Ride facility on the eastern parcel; and (2) 22 metered surface parking spaces, bus bays and a Kiss & Ride facility on the western parcel. In addition, WMATA owns a 121-space auxiliary parking lot on a narrow strip of land fronting on MD Route 355, north of the western parcel. In total, the parking lots provide 667 parking spaces.

Land Use Plans and Policies

The eastern portion of the site is zoned for low-density commercial with an anticipated change to medium-density residential in the near future. The western portion of the site is zoned low-density commercial with an anticipated change to medium-density commercial in the near future.

The City of Rockville determined that the Metrorail station was a hallmark within their new Town Center Master Plan ("Plan"). This Town Center Master Plan is an effort to turn the downtown into a 24-hour live-work-play zone. The Plan bifurcates the WMATA site via the railroad tracks by designating a TC4 mixed-use zone on the west side of the tracks and a TC3 zone on the east side of the tracks. TC4 zone allows for a 4.0 FAR with retail, residential, and office uses. The City notes that although residential would be allowed on the west side of the parcel, office and retail are preferred. This is due to current plans to replace the existing pedestrian bridge with a pedestrian promenade utilizing increased civic space. The promenade would lead to restaurants and stores on the west side of the site as well as continuing westward across MD Route 355 toward Monroe Street.

The east side of the site would allow for residential. This would be in concert with the existing residential on the east side of the tracks. This also would increase pedestrian traffic to frequent the stores and movie theaters and restaurants in the evening. The residential side would allow for a multi-family product. The homes closest to the road would be built at approximately 35 feet to maintain continuity with the existing residential across the street. Progressing west, closer to the tracks, those heights would be allowed to increase at a 30 degree slope to approximately 55 feet at the tracks at the west side of the site.

The City is studying traffic impacts of potential increased development. The surrounding area is sensitive to increased traffic and any adverse, intrusive effects of development in the neighborhood.

Land Use Features

The surrounding neighborhood is comprised primarily of residential and office use facilities. The northern boundary of the eastern portion of the site is Park Road. To the north are primarily single-family residential products with some small retail and industrial uses. The northern boundary of the site's western portion is also Park Road, which divides the site from additional parking to the north. Stonestreet Avenue borders the eastern portion of the site. The southern boundary is defined by Church Street on the west and the property line north of Baltimore Road on the east. The

Church Street boundary separates the site from the development within the "Church Street Circle", which includes a 9-story office (1 Church Street- 91,000 square feet, class "A"), the "Church Street Build-to-Suit site", and a Sunrise Assisted Living facility. The western boundary of the site runs along Hungerford Drive (MD Route 355). Hungerford separates the site from the "core" office community to the west, which includes the Montgomery County Executive Offices, the District Court, other government buildings, and Rockville's retail core.

The area is served by Metrorail, Metrobus, Ride-On Buses, MARC commuter rail and Amtrak. The Rockville facility serves as a collection point for commuters living to the north and west of Rockville, including points as far away as Hagerstown, Maryland and nearby sections of West Virginia. Average daily ridership for the Rockville Metrorail station was 8,338 in June 2001. Additionally, four Metrobus routes, a bike and pedestrian path system, MD Route 355 and I-270 provide ingress and egress to and within Rockville.

The site is surrounded by major streets in the Rockville Town Center and is immediately accessible from Hungerford Drive (Rt. 355) from the north, Monroe Place and Rockville Pike (Rt. 355) from the south.

The Maryland State Highway Administration (SHA) is studying various plans to improve traffic conditions on MD Route 355. Among these are plans that call for grade separations or widening of MD Route 355. WMATA, the City of Rockville and SHA are cooperating to devise a plan that addresses vehicular flow on MD Route 355 while recognizing the need to integrate the Metrorail station into the fabric of the Town Center.

Demographics

The following chart shows demographic information for an area within one quarter-mile of the Rockville site and comparative information for Montgomery County.

Demographics	Immediate Area	County
Population	2,850	873,341
Median Household Income	\$88,551	\$65,691
Education Level (college graduates)	47%	30%
Housing Values	\$218,100	\$189,000

Real Estate Market

Survey Area Overview

The Rockville Town Center generally surrounds Rockville Pike /MD Route 355 and extends northwest of Edmonston Drive in the south and terminates at Ivy League Lane and Frederick Avenue in the north.

The "Core Area" of the Town Center is approximately five square blocks and encompasses the Rockville City Hall, Judicial Building, and County Council Buildings on the southwestern quadrant; the Rockville Metrorail station on the East; a single family development on the Northeastern quadrant, and commercial office in the Northwestern quadrant. This is the survey area for this site evaluation report.

The Town Center has its own master plan that was adopted, along with an addendum and errata, on October 22, 2001, by the Mayor and City Council. This plan articulates a vision for a 24-hour community that includes a mix of residential, office, and retail uses within the Town Center.

Office

The area between N. Washington Street and Hungerford Drive in the Town Center area has its own zoning designation, TCM-2 (Town Center Mixed Use), that allows for buildings of heights between 75 feet and 100 feet if certain requirements are met.

Existing Product

Rockville Town Center is comprised of nine privately-owned office buildings totaling approximately 721,000 square feet of commercial space. Three of the buildings are Class A totaling 290,000 sf with a 7.2% vacancy rate; four of the buildings are Class B totaling 380,000 sf with a 12.2% vacancy rate; and two buildings are Class C totaling 51,000 sf with a vacancy rate of 7.0%. The asking gross rents for space range from \$25.00 to \$33.00 per square foot. As of December 2001, approximately 19% of the total office space is available for either direct lease or sublease.

New Office Development

There are several recent projects that have come on-line. The Victoria, features 135 residential condominium units and 40,000 square feet of office and retail. Additionally, another 100,000 square feet of office and retail space have been approved for this complex. The second of these is the Rockville Center, Inc., incorporating a 13-screen movie theater and 105,000 square feet of retail. Foulger-Pratt is developing Metro Plaza I, an eleven story Class-A, pre-cast and glass, 228,000 sf office building with six levels of parking and approximately 5,000 square feet of street-level retail. SAS Institute is the lead tenant in this building with a lease of 50,000 square feet. This is the first of three office buildings that are expected to total 630,000 square feet at Route 355 and East Middle Lane. Investment Properties recently delivered a 98,000 square foot building at Washington Street and East Middle Lane with Scheer Partners as the major tenant occupying 21,000 sf. WP Commercial is updating an eight-story office building at 401 N. Washington St. Its tenants include a division of ADP; EMMES, a bioinformatics company; GE Information Services; and the Rockville Partnership.

Residential

The areas to the north and east of the Rockville Metrorail station are entirely single-family home developments. Additionally, to the south of the site is a townhouse community and to the southwest of the site is high-density multi-family dwellings.

The average selling price for single-family homes near the site is \$291,840. The average house is 25 years old and is 2,200 square feet in size.

The single-family product in the area is divided into four main neighborhoods: Croyden Park (to the immediate east), Maryvale (north and east of Croyden, south of

Maryvale elementary school), Lincoln Park (to the north), and Burgundy Knolls (east of Croyden). The houses were all built in the 1940's and 1950's.

Condos and townhouses in the area tend to be newer. A search of available residential condominiums in the Rockville area shows average selling prices in the \$150,000-\$200,000 price range.

Apartments in the Rockville area have asking rents starting in the \$950 price range and extending up through the \$1,500's.

Retail

The existence of over one million square feet of retail space provides a significant range of products and services. New retail space in the City of Rockville is limited to 65,000 square feet, effectively eliminating the "big-box" retailers other than those grand-fathered in. The retail is mainly located in strip mall type settings and is primarily located along MD Route 355. The retail in the Town Center area includes several grocery stores, specialty stores, small service businesses, a movie theater complex, and small restaurants. The Rockville Master Plan states that, "The zoning in the Town Center encourages support retail in several of the zones to compliment existing office and residential uses."

Federal Real Estate Investment Trust has proposed a redevelopment of the Magruder Shopping Center, a fully leased 110,000 square-foot center at Washington Street and Middle Lane. Macgruder's grocery is the anchor tenant and the center includes a CVS/pharmacy, Starbucks Coffee, General Nutrition Center as well as locally owned retailers and restaurants. The proposed redevelopment would consist of about 150,000 square feet of retail and 400 to 450 apartment units.

Hotel

There are no hotels within a quarter-mile of the Rockville Metrorail station.

Land Sales

Jones Lang LaSalle reviewed land comparable sales dating back to February 2000 within the Rockville and North Rockville submarkets. Redland Tech Center #2 LLC purchased 5.46 acres at 520 Gaither Road in October 2001 to construct a 142,000 sf, six-story office building for \$6.96 per land square foot (lsf). Shady Grove Land LLC purchased a 5.64-acre parcel of land at 14820 Shady Grove Road in February 2000 for \$6.34/lsf to construct a 125,000 sf low-rise building for the Institute of Genomic Research. M/I Schottenstein Homes, Inc. purchased a 1.09-acre parcel at 210-224 Cork Tree Lane in April 2001 for \$32.16/lsf to construct 18 townhomes. Wycliffe LLC purchased a 4.11-acre parcel at 522 W. Montgomery Avenue for \$7.82/lsf in June 2001 as a residential investment hold. Pulte Home Corp purchased a 0.54-acre parcel at 200 Fallsgrrove Blvd in October 2001 for \$34.84 to construct garden style condo units.

Strengths and Challenges

The key strengths and challenges for the Rockville Metrorail station property are summarized in the chart below:

Strengths	Challenges
<ul style="list-style-type: none"> • Metrorail, Metrobus and Ride-On accessibility 	<ul style="list-style-type: none"> • Current low-density zoning (east side)
<ul style="list-style-type: none"> • Interstate-270 accessibility 	<ul style="list-style-type: none"> • Traffic constraints; possible western parcel size reduction to accommodate traffic concerns
<ul style="list-style-type: none"> • MARC accessibility 	<ul style="list-style-type: none"> • Proximity to CSXT freight line
<ul style="list-style-type: none"> • Access to MD Route 355 	<ul style="list-style-type: none"> • Small parcel size
<ul style="list-style-type: none"> • Current under-utilized capacity 	
<ul style="list-style-type: none"> • Active development market 	
<ul style="list-style-type: none"> • Current effort to decrease jobs to houses ratio 	
<ul style="list-style-type: none"> • City support 	

Site Classification

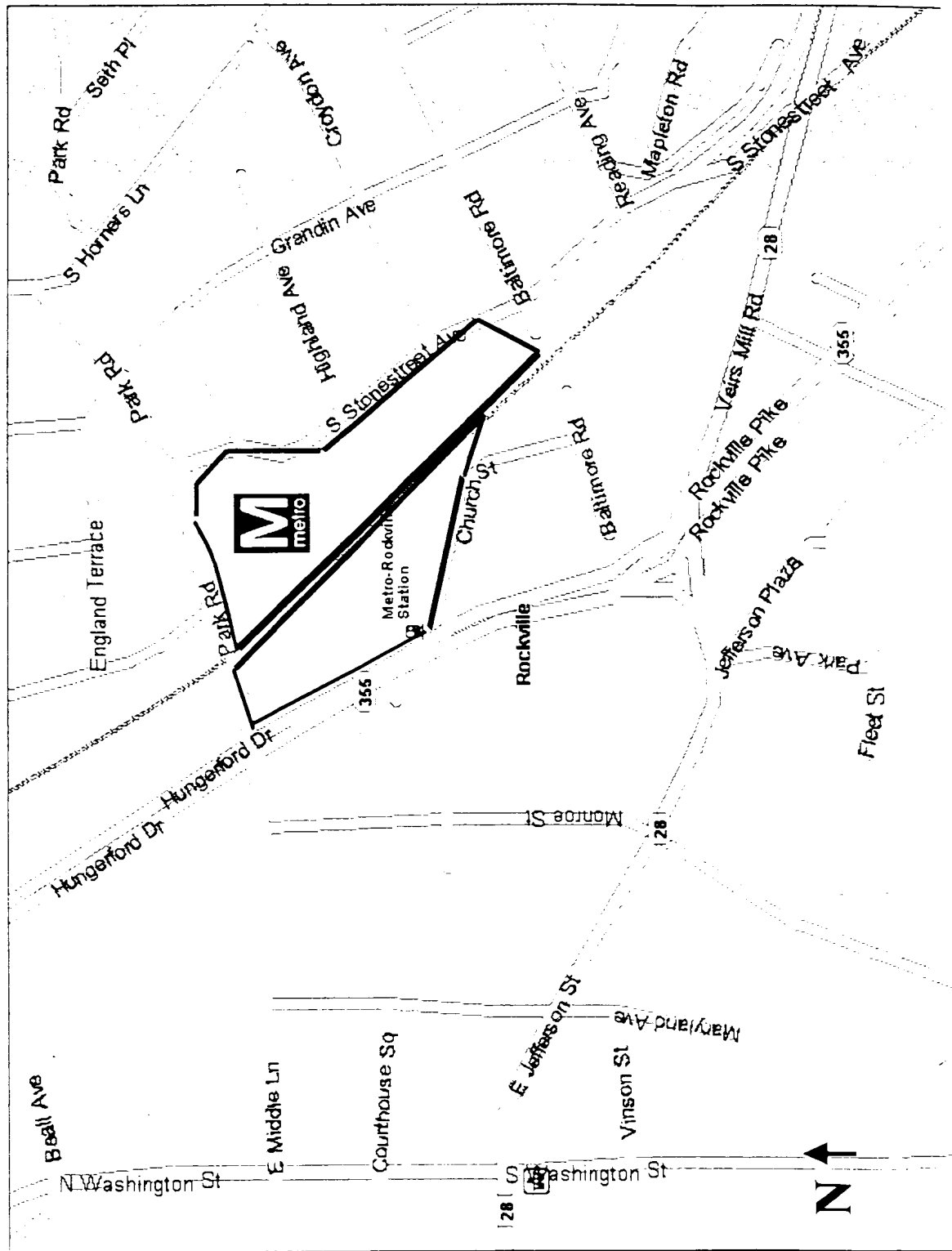
In addition to the local market research conducted, Jones Lang LaSalle interviewed local market professionals from the public and private sectors to better understand the development potential at the site.

Jones Lang LaSalle spoke with professionals from the development community. These local professionals were generally positive concerning the site. Potential uses cited were for residential, office, retail, or some mix. There were concerns about the size of the parcels, and felt they were too narrow for any significant level of development. However, this would not necessarily preclude them from responding to a solicitation for the site.

Jones Lang LaSalle found that public officials in the City of Rockville were excited about the development potential of the site and encouraged about the site's potential contributions to the Rockville Town Center.

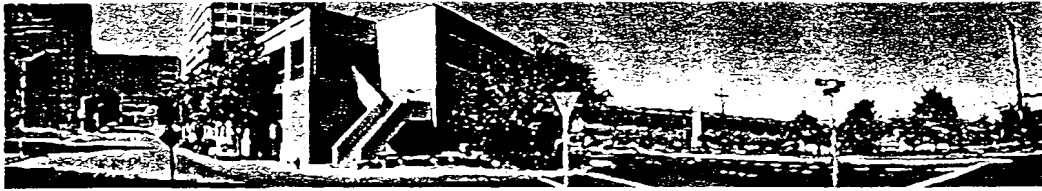
Based on conversations with public and private sector officials, reviewing planning and zoning documents, as well as gaining an understanding of the local community a mixed-use concept including residential, retail, restaurant and/or hotel for the site is a viable development option. The local government is intent on redeveloping and providing amenities in the area surrounding the Metrorail station where there is already significant office development. The Rockville Town Center Plan is a strong show of commitment on the part of the City to enhance the image and attractiveness of Rockville. There is also measurable developer interest in the site. The Rockville site is classified as Level 1.

Rockville Area Map



Rockville

City of Rockville



Location	<ul style="list-style-type: none">• Route 355
Zoning	<ul style="list-style-type: none">• Low density commercial
Total Area of Land	<ul style="list-style-type: none">• Approximately 11.0 acres in two parcels
Developable Acreage	<ul style="list-style-type: none">• 11.0 acres
Strengths	<ul style="list-style-type: none">• Metrorail, Metrobus, MARC and Ride-On accessibility• Interstate-270 accessibility• Access to MD Route 355• Current under-utilized capacity• Active development market• Current effort to decrease jobs to houses ratio• City support
Challenges	<ul style="list-style-type: none">• Current low-density zoning (east side)• Traffic constraints; possible western parcel size reduction• Proximity to CSXT freight line• Small parcel size
Current Conditions	<ul style="list-style-type: none">• 524 long-term surface parking spaces, bus bays and a Kiss & Ride facility on the eastern parcel• Twenty-two metered surface parking spaces, bus bays and a Kiss & Ride facility on the western parcel
Development Constraints	<ul style="list-style-type: none">• WMATA facilities must be replaced on site
Development Opportunity	<ul style="list-style-type: none">• Mixed use
Classification Level	<ul style="list-style-type: none">• Level 1